

CAYMAN ISLANDS



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**A BILL FOR A LAW TO AMEND THE MUTUAL FUNDS LAW (2007
REVISION) TO MAKE FURTHER PROVISION WITH RESPECT TO
THE DUTIES OF MUTUAL FUND ADMINISTRATORS; AND TO MAKE
PROVISION FOR RELATED MATTERS**

THE MUTUAL FUNDS (AMENDMENT) BILL, 2008

MEMORANDUM OF OBJECTS AND REASONS

This Bill seeks to amend the Mutual Funds Law (2007 Revision) to make further provision in respect of the duties of mutual fund administrators.

Clause 1 of the Bill sets out the short title of the legislation.

Clause 2 amends section 2 of the principal Law (which is the definition section) to re-define the term “equity interest”.

Clause 3 amends section 16 of principal Law to prohibit a licensed mutual fund administrator from providing mutual fund administration to a mutual fund unless satisfied, among other things, that -

- (a) in instances where a mutual fund is administered in the Islands, the business of the fund will be carried out in a proper way ; and
- (b) the fund is otherwise regulated by the Authority, if it is not incorporated or established in the Islands or in a country or territory approved by the Authority.

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ENACTED by the Legislature of the Cayman Islands.

1. This Law may be cited as the Mutual Funds (Amendment) Law, 2008. Short title

2. The Mutual Funds Law (2007 Revision) is amended in section 2, in the definition of the term “equity interest”, by inserting after the words “but does not include debt” the words “, or alternative financial instruments as prescribed under the Banks and Trust Companies Law (2007 Revision)”. Amendment of section 2 of the Mutual Funds Law (2007 Revision) - definitions

3. The Mutual Funds Law (2007 Revision) is amended in section 16(1) as follows - Amendment of section 16 of the Mutual Funds Law (2007 Revision) - licensed mutual fund administrators to be satisfied in respect of mutual funds
 - (a) in paragraph (c) by inserting, before the words “the business”, the words “in the case of a mutual fund to which section 4(1)(b) applies,”; and
 - (b) in paragraph (d) by inserting, after the words “this subsection”, the words “, or is otherwise regulated by the Authority”.

Passed by the Legislative Assembly the _____ day of _____, 2008.

Speaker.

Clerk of the Legislative Assembly.